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See our new editorial index . . . page 134

Folio:

JANUARY 1, 1992 THE MAGAZINE FOR MAGAZINE MANAGEMENT $6.50

WHEN HIGH STANDARDS COST AD SALES

No age-ist ads, no eco-offensive ads, no ads in bad taste. Does that leave anything to fill paid pages? Yes, say some of the magazine publishers who hold their advertisers' messages up to close scrutiny. Exclusivity can have its rewards—not the least of which are increased ad pages and readers who appreciate being shielded from ads in poor taste. 62

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THE MAGAZINE FOR MAGAZINE MANAGEMENT

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ABP The Audit Bureau ABP

Industry is unfazed by 'Baby Bells' flap

By Warren Berger

The slugfest between the newspaper industry and the regional Bell telephone companies over delivery of information services via phone lines to home television sets has heated up in recent months. Still sitting at ringside, though, are magazine publishers, who could also be hurt by the "Baby Bells" foray into electronic delivery of information.

"This is an issue that should concern every magazine publisher," says Arthur Rosenfield, an industry consultant. Many observers see phone company expansion having a potential impact on business directory publishers, city and regional magazines, or anyone who publishes information that could be gathered into databases and transmitted to customers.

Says Phil Balboni, special assistant to the president of Hearst Corporation, who has also been a point man for Hearst on the information-services issue: "Certainly, the most immediate impact may be on newspaper publishers, but anybody who's a publisher of information should be concerned. It's just a question of when your segment will be affected."

"It doesn't threaten us," says MPA's Kummerfeld.

So far, however, there has been little organized effort on magazine publishers' part. Magazine Publishers of America president Donald Kummerfeld says magazines "haven't gotten that involved because the issue is almost entirely over classified advertising. Our members, for the most part, don't carry classified, so it doesn't really threaten us. We know that there will be more transmission of information through the telephone lines, but that doesn't mean it's going to hurt magazines," Kummerfeld insists.

Jim Dowden, executive director of the City and Regional Magazine Association (CRMA), admits that "the issue hasn't come up in our meetings. For a monthly medium, I don't think it's a concern."

Even weeklies, which offer a more time-sensitive product, seem unfazed. "We're dealing with a lot of problems and issues—from agency dis-

(CONTINUED ON NEXT PAGE)

Soap titles having the 'days of their lives'

Market awash with new magazines.

By Andrew Marlatt

Soap Opera Digest has long been the guiding light of its genre, but in recent years, young and restless newcomers have joined the fray, proving that soap opera magazines truly live in another world.

The November revival of NBC's *Daydreams* brings the total number of soap publications launched since 1988 to five, two of them since October. Yet despite competition and falling soaps' viewership—some say because of it—the magazines are thriving.

Ad revenues are up 42 percent at *Digest*, according to Publishers Information Bureau, and up 80 percent at sister publication *Soap Opera Weekly*, its publisher says. Both are owned by K-III Magazines. Four-year-old *Soap Opera Update* has increased circulation by 33 percent in the past six months, says its owner.

Capital Cities/ABC's one-year-old *Episodes*—covering the ABC soaps—has a circulation of 1.5 million. And NBC is testing a new version of *Daydreams*. An earlier version was launched in 1985 and closed in 1987. An entry from Macfadden's Enquirer Star Group, *Soap Opera Magazine*, hit the stands in October and presold all its 1991 ad pages, says group publisher Barbara Hannah Marks.

Like any good soap story, there is some bad news lurking in the shadows: *Weekly* missed its 500,000 rate base in June—distribution problems, claims the publisher. And circulation at *Episodes* has fallen from 1.9 million in June to 1.5 million currently—"leveling off," says a spokesman.

Still, the market is growing.

(CONTINUED ON NEXT PAGE)

Five new soap opera magazines have been launched since 1988, two since October.

Industry is unfazed by 'Baby Bells' flap

(CONTINUED FROM PREVIOUS PAGE)

counts to postal rate increases—and this just isn't a primary concern right now," says *Newsweek* publisher Peter Eldredge.

Newspapers threatened more

Clearly, there's reason to believe that newspapers would feel the impact sooner and more strongly than magazines. In the wake of an October Federal Appeals Court decision in Washington, D.C., that lifted restrictions prohibiting the Bells from owning information services, the seven regional phone companies are expected to begin offering "Electronic Yellow Pages" soon, which would include classified advertising. They may also begin offering fast-breaking information such as stock quotations, sports scores and headline news. In response, newspaper publishers have led an aggressive lobbying and pro-

> 'You can't take a video terminal into the bathroom.'

motional effort designed to persuade Congress that the phone companies would have unfair competitive advantages in the market.

The phone companies agree that magazines' turf is safe—for now. "Transmitting magazine articles by videotext is not on the agenda right now," says Kitty Bernick, director of external affairs at the Pacific Telesis Group, one of the seven regional Bell companies.

But observers such as Rosenfield foresee scenarios in which the Bells might use emerging technology, including high-capacity fiber-optic lines, to transmit articles complete with visuals to television screens or color fax machines. "You have to look at where the technology is likely to be in a few years," he says.

Magazine printers, who in theory could also lose business as telephone technology evolves to the point where people could download material from their televisions to personal printers, still seem unconcerned. "I don't see it having a major impact on high-quality, four-color processing," says John Anderson, senior vice president at Judd's, Inc.

Quality may be the operative word. Most publishers seem to believe that, for now, colorful graphics and thoughtful, interpretive writing will insulate magazines from info-services competition. "They might be able to deliver sports scores, but I can't imagine a utility taking on a journalistic role," says Alan Leveritt, publisher of Arkansas Writers' Project, which publishes *Arkansas Times* and *Arkansas Business*. Adds Ken Neill, president-elect of CRMA: "Magazines offer quality, shelf-life and portability. The bottom line is, you can't take a video terminal into the bathroom." ■

Utilities aren't journalists, Leveritt says.

Having the 'days of their lives'

(CONTINUED FROM PREVIOUS PAGE)

The reason, summarizes Marks, is that "These women just cannot get enough." Women make up the majority of the 40 million daytime-drama viewers, a market that prior to 1988 was served only by *Soap Opera Digest*. "It was one of the great underdeveloped areas in magazine publishing," explains William Abrams, executive director of *Episodes*.

The editorial pace of the soap magazines is brisk. Quick takes, short synopses and lots of photos are the norm, though *Digest* and *Episodes* also tackle longer features. Editorial differences are generally slight.

The downturn in daytime viewership has not slowed expansion. In fact, says Elaine Shindler, publisher of *Digest* and *Weekly*s, "Declining viewership may actually help," because women who have no time to tune in will instead turn pages to catch up.

The Enquirer/Star Group launched *Soap Opera Magazine* in October after concluding that with the company's large distribution network and rack sales experience, "it was a no-lose situation for us," explains Marks.

Soap Opera Update, currently published every three weeks, was launched in 1988 by Jerome Shapiro, who founded *Soap Opera Digest* back in 1975. Shapiro sold *Digest* in 1980 to *The Providence Journal*. However, he says, he got back in the business after realizing it was becoming more and more lucrative.

Even with the market becoming more crowded, publishers don't see a saturation point yet. "There is room in the field for all of us," Marks concludes. In other words, as the publishing world turns, and turns downward, soap magazines are having the days of their lives. ■

CLEANING UP

As circulation grows in the soap opera magazine market, more titles enter the fray.

MAGAZINE	LAUNCH DATE	6/30/90	12/31/90	6/30/91	PRESENT
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
~~Soap Opera Update~~	~~1988~~			~~150,000~~	~~200,000~~
~~Soap Opera Weekly~~	1989		445,902 †	486,457 †	450,000
Episodes	1990		2,023,118 ‡	1,945,484 ‡	1,500,000 ◦
Soap Opera Magazine	1991				375,000 ◦
Daydreams	1991				Debut 12/91

† Audit Bureau of Circulations
‡ Business Publications Audit of Circulation
◦ Publisher's statement
+ Initial audit

There's room in the field for all the magazines, says Macfadden's Barbara Marks.

The odd couple: Magazines and TV

By Samir Husni

It used to be that magazines vied for consumer attention with three powerful, wide-reaching television networks. Today, however, competition has proliferated exponentially. Magazines now have to contend with at least 30 different cable channels, three to five pay channels and pay-per-view specials for the readers' time and the advertisers' messages.

But this isn't necessarily bad news for the print media. Enter the new buzz word: complement. Instead of competing with television, publishers are beginning to view the specialized channels as good sources of "appetizer" information for their would-be readers.

MTV, ESPN and BET, for example, whet the appetite of the viewer with video presentations focusing on music, sports activities or subjects of interest to black audiences.

These special-interest cable channels have paved the way for magazines like *Live Wire*, *Metallix* and *Hard Rock*, *Paddle Sports*, *Paint Ball Sports* and *Personal Watercraft Illustrated* springboard off the targeted-interest sports channels. *Emerge* and *YSB* (*Young Sisters and Brothers*) exist symbiotically alongside BET. The list continues. Fox Television introduces "America's Most Wanted" and publishers introduce *Wanted* and *Crime Beat*.

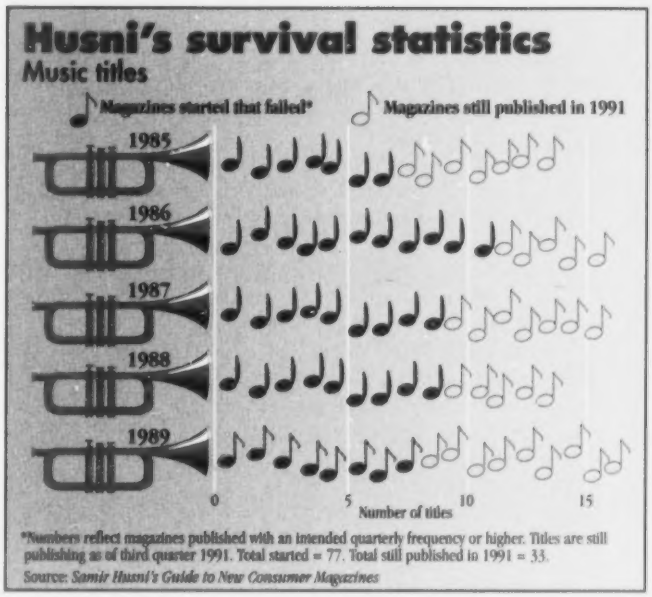
Publishers have discovered that they can capitalize on one of TV's biggest problems: time. There's only so much time to devote to wrestling each day. Some viewers want more. The solution? A new wrestling title.

But James A. Autry, recently retired president of Meredith's magazine group, warns about taking TV programming and turning it too literally into magazines. "If you transfer all that junk on television directly to paper, all you get is junk." The key is to complement, not duplicate.

Nancy Woodhull, executive vice president and editor in chief of Time Inc. Magazine Co.'s Southern Progress Corporation, sums up the television-magazine relationship. "Television forces waves of energy that people can ride. It adds passion to events. Magazines freeze the moments so that readers can really enjoy them."

Magazines, she adds, are portable and scannable in a way that TV isn't.

While many publishers see TV as a competitor for advertising dollars, in reality broadcasting ignites special interests that can be satisfied only by new magazines. ■


Husni's survival statistics
Music titles
Magazines started that failed*
Magazines still published in 1991
1985
1986
1987
1988
1989
0
5
10
15
Number of titles
*Numbers reflect magazines published with an intended quarterly frequency or higher. Titles are still publishing as of third quarter 1991. Total started = 77. Total still published in 1991 = 33.
Source: Samir Husni's Guide to New Consumer Magazines

Samir Husni is head of the Magazine Service Journalism Program at the University of Mississippi and editor of Samir Husni's Guide to New Consumer Magazines.

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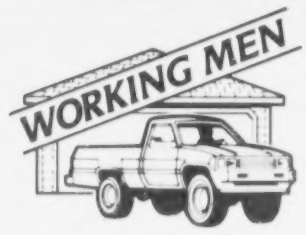
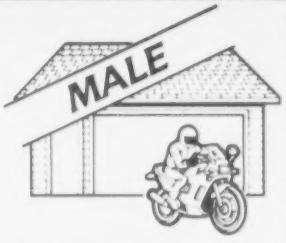


726,726 Pickup Truck Owners. Median age: 44. Median income: $39,900. 32.1% attended college. 56% blue collar/technical.

265,056 Four-wheel-drive and Off-road Vehicle Owners. Median age: 28.3. Median income: $35,695. 55.1% attended college. 37.3% professional/management, 19.5% precision crafts/repairs, 11.8% clerical/sales/technical.



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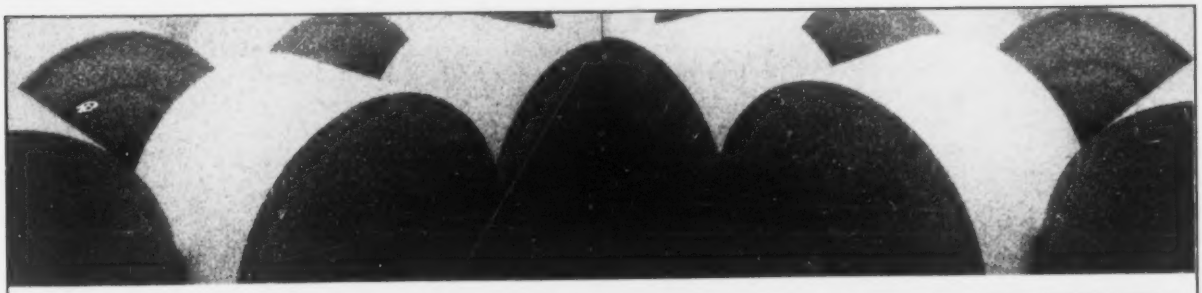

THE UNCOATED PAPER ALTERNATIVE

Battered by rising costs, publishers must examine every paper option.

By Arthur C. Veverka

Although uncoated papers have never played a major role serving magazine publishers' paper needs, their use tends to pick up during an economic slowdown. Given the improved quality of many of these grades, especially supercalendered (SC), they provide publishers with an attractive alternative from both an economic and a performance standpoint. Therefore, this market bears watching.

As with coated papers, the supply/demand balance favored the buyer throughout 1991. With the economy limping along toward recovery, the outlook is still expected to favor publishers at least through 1992.

In forecasting the outlook for uncoated paper, we must look at the two main grades—uncoated groundwood and uncoated freesheet—separately. From a publisher's perspective, uncoated groundwood is the more important of the two, as it comprises approximately 55 percent of the total uncoated grades used by the printing industries. SC printing papers constitute just under 25 percent of this total. A breakdown of the major end users in 1990 shows magazines at 16 percent; inserts/fliers, 30 percent; catalogs, 12 percent; directories, 19 percent; and all other uses, 23 percent.

In the case of uncoated freesheet papers, most of the demand is driven by non-printing applications, mainly business forms and copy paper. The printing industry accounted for just over 22 percent of uncoated freesheet paper use in 1990. Uncoated freesheet use in magazines is fairly limited, accounting for just 0.8 percent of total uncoated freesheet demand.

Not a typical pattern

In a recession, uncoated use would normally rise because of cost-saving incentives. However, many magazine publishers have instead taken advantage of the glut in the coated paper market to save on paper costs. In some cases, publishers have been able to improve quality without increasing costs by switching to a lighter basis weight of higher quality. Lately, the trend has been to shift to a lower basis weight to improve margins and save on mailing costs rather than downgrade the quality of the paper used.

Total demand for uncoated groundwood was just over 3.67 million tons in 1990. We expect to see that demand drop by 150,000 tons in 1991, to 3.5 million tons, and then increase by 160,000 tons in 1992. The fall-off in 1991 reflected the recession, decreased ad expenditures and overcapacity in other paper grades.

The paper stock that will show the most growth in demand is SC. Although SC use for magazines fell by 3.6 percent from 1989 to 1990, we have not seen a decline in demand like the drop for coated grades.

Overcoming obstacles to SC use

SC papers have been the paper of choice for European magazine publishers for quite a while because of the predominance of gravure printing in Europe. In the United States, it is still too soon to tell whether these grades will replace coated groundwood in magazine production to any great extent, although consistency has improved and printers have become more confident printing on SC. Contrary to last year's predictions, SC grades did not gain any significant market share in the United States over less expensive machine-finished uncoated groundwood grades in 1990. In large part, this was because of the continued recession, which caused publishers to tighten production budgets.

But because SC papers are still cheaper than coated, plain economics will prove to be the greatest force fueling increased use. In seeking less expensive, lighter-weight paper compared to coated #5 paper, publishers will naturally turn to the less costly supercalendered grades. Another incentive for publishers to increase use of SC, as they move to the lighter basis weights, is that

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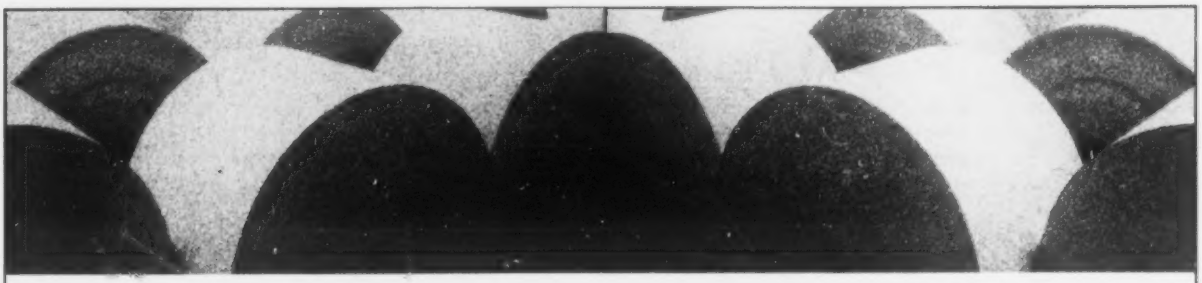


there is less show-through with SC than with lightweight coated stock. And currently, SC grades are being discounted up to $50 to $100 per ton in response to discounts on coated groundwood grades.

The capacity picture

In 1990, total North American capacity for producing uncoated groundwoods was about 4.0 million short tons. The total North American capacity for uncoated groundwood is expected to go up by 390,000 short tons through 1993. All of this increased capacity will come from increases in Canada's uncoated groundwood capacities. Currently over half the total U.S. uncoated groundwood demand is met by Canadian imports.

Although there are no new uncoated groundwood machines scheduled to come on line in the United States over the next few years, a number of companies are exploring the possibility. Lake Superior Paper Industries is reportedly studying the prospect of putting in a second machine. Daishowa delayed putting in a new machine to produce directory paper at Port Angeles, Washington, because of poor economic conditions, but is putting in de-inking facilities to make recycled-content directory paper. One other project put on hold was Madison's expansion of SC paper at its Madison, Maine, mill. The one new machine—Stone Consolidated at Grand'mere—will produce a SC-B grade using soft-nip calendering technology.

As the economy improves and the outlook becomes more stable, some of the delayed projects should start up. We have also detected a renewed interest in this grade among many other paper companies.

North American uncoated freesheet capacity rose by 176,000 tons from 1989 to 1990. From 1990 to 1991, capacity grew by another 650,000 tons (4.7 percent).

Publishers have the advantage

Paper buyers will be in a very favorable position for the next couple of years. Pricing pressures on uncoated groundwood paper suppliers, in particular, will maintain publishers in an advantageous negotiating position. The lack of coated groundwood capacity, however, means that producers should be able to raise prices and improve the profitability picture for the grade beginning in mid-1992.

Although publishers' costs are increasing in many areas, paper availability and pricing remain a bright spot. Paper producers continue to improve sheet quality and to offer both lighter basis weights and cost-effective alternative grades that go a long way in helping besieged publishers hold down expenses. ■

Arthur C. Veverka is president of Tarrytown, New York-based Jaakko Poyry Consulting.

U.S. supply/demand profile

(In thousands, short tons)

	1990	1991	Forecast 1992	Forecast 1993
Uncoated groundwood				
U.S. capacity	1,924	1,920	1,929	1,933
U.S. shipments	1,768	1,755	1,815	1,855
(–Domestic)	1,693	1,650	1,695	1,705
(–Export to Canada)	39	45	45	50
(–Export to other)	36	60	75	100
U.S. imports	1,982	1,875	1,990	2,160
(–From Canada)	1,578	1,500	1,640	1,685
(–From all other)	404	375	350	475
U.S. consumption/demand (Shipments – exports + imports)	3,675	3,525	3,685	3,865
U.S. capacity utilization (%) (Shipments ÷ capacity)	91.9%	91.4%	94.1%	96.0%

	1990	1991	Forecast 1992	Forecast 1993
Uncoated freesheet				
U.S. capacity	12,645	12,717	13,104	13,158
U.S shipments	11,378	11,405	12,010	12,240
(–Domestic)	11,245	11,120	11,660	11,815
(–Export to Canada)	165	185	200	225
(–Export to other)	68	100	150	200
U.S. imports	753	680	835	970
(–From Canada)	573	550	725	820
(–From all other)	180	130	110	150
U.S. consumption/demand (Shipments – exports + imports)	11,908	11,800	12,495	12,785
U.S. capacity utilization (%) (Shipments ÷ capacity)	94.5%	89.7%	91.7%	93.0%

Source: Jaakko Poyry Consulting. Historical data and capacity information from American Paper Institute.

Capacity utilization rates for uncoated groundwood producers dropped in 1991, but will start climbing in 1992. Uncoated freesheet capacity utilization bottomed out in 1991. These rates, too, are expected to rise, gradually pushing prices upward.

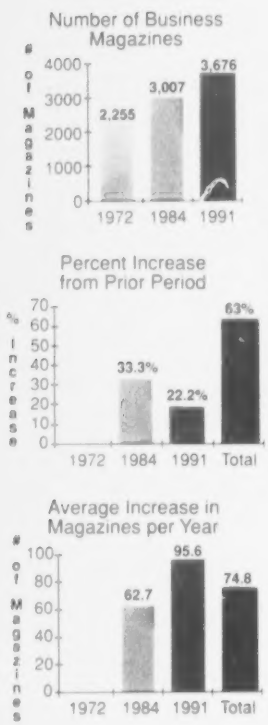
The Life BUSINESS

Media maven James Kobak compared nearly two decades of business-to-business magazine data, using Standard Rate and Data Service's January 1972, January 1984 and July 1991 editions. What his analysis revealed is that trade magazines' fortunes are inexorably linked to the emergence, prosperity and decline of the industries that these magazines serve.

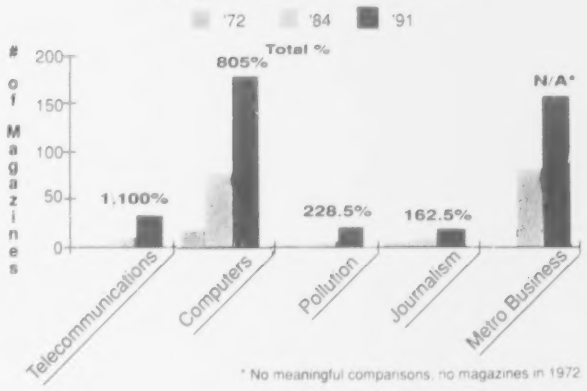
A review of the SRDS data suggests that the ever-proliferating number of

There are 181 computer magazines listed today. But of the 20 originally shown in the 1972 SRDS, there's only one left. There was an explosion of 244 entries from 1984 through July 1991—but in that same time frame, 144 magazines bit the dust.

Growth in Business Magazines



Super Growth Fields



* No meaningful comparisons, no magazines in 1972

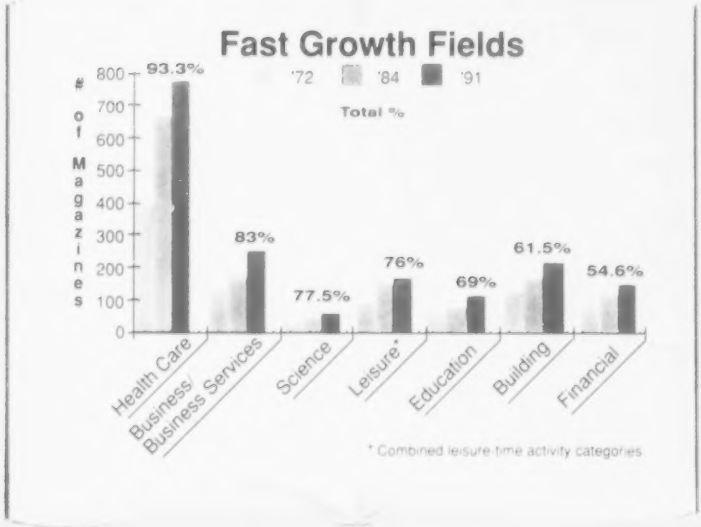
ILLUSTRATION AND CHARTS BY JENNY ADAMS

Cycle of MAGAZINES

magazines is a response to the increasing complexity of the business landscape and commercial technology. The hottest industries are characterized by the highest attrition rates—and so, too, are the magazines that cover those fields. Yet despite the large number of failures in burgeoning fields like computers, there was no shortage of newcomers.

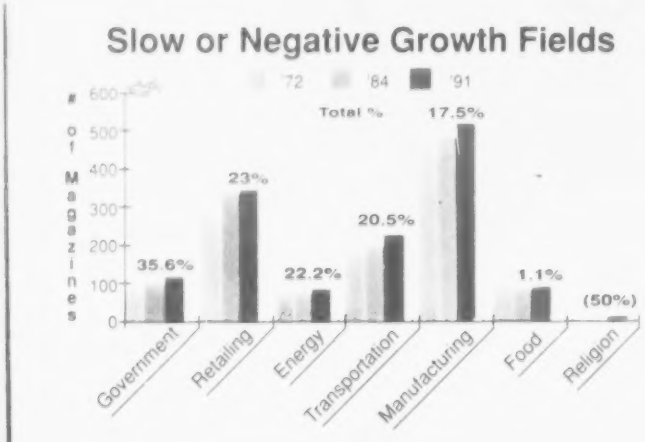
If there is a lesson to be learned, it is this: The only constant is change, and that "we've always done it that way" spells death for business magazines.

By James B. Kobak



In terms of accumulated knowledge and information, the bio-medical field has overwhelmed all other sciences in the past 20 years. Apparently, those working in health care are desperate to keep up, hence the proliferation of magazines in the market.

A mature manufacturing field, chemicals is poking along with just four more titles listed in 1991 than in 1972. Of the original 22 chemical titles, 14 are still with us. It may not be a growth category, but, for publishers, the chances of survival here are 13 times greater than in the fast-paced, highly competitive computer field.



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